

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

IN RE: §  
§  
PASADENA SELF-STORAGE, LTD., § CHAPTER 11  
§ CASE NO. 10-33790  
§  
DEBTOR. §

**CITY NATIONAL BANK'S OBJECTION TO APPLICATION  
TO EMPLOY COUNSEL FOR PASADENA SELF-STORAGE, LTD.**  
(relates to docket no. 26)

COMES NOW, City National Bank (“CNB”) and files its Objection to Application to Employ Counsel for Pasadena Self-Storage, Ltd. (the “Objection”) and would state as follows:

1. On May 4, 2010, (the “Petition Date”) Pasadena Self-Storage, Ltd. (“Pasadena”) filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.
2. Prior to the Petition Date, Cypresswood Self-Storage, Ltd. (“Cypresswood”) filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code on April 6, 2010. The Cypresswood bankruptcy case was filed in the Southern District of Texas and the case number is 10-32976. The Cypresswood case was filed by Patrick Devine (“Devine”).
3. Cypresswood and Pasadena have common ownership and both are operated by the same company, Silver Oaks Management, LLC. The General Partner of Cypresswood and Pasadena, is NL PSS, LLC which owns a one percent (1%) partnership interest in Cypresswood and an 0.1 % partnership interest in Pasadena. The limited partners of both Cypresswood and Pasadena are the same.
4. On April 30, 2010, Cypresswood filed an Application to Employ Counsel (docket no. 11) and on May 17, 2010, the Debtor filed its Affidavit to the Application to Employ Counsel (docket no. 24). The counsel which Cypresswood wished to employ was Devine.

5. During a May 28, 2010, hearing in the Cypresswood case, Devine stated that he would be withdrawing his Application to Employ in the Cypresswood case and filing an application for employment in the Pasadena bankruptcy case (see courtroom minutes for May 28, 2010). An Order Mooting the Application to Employ was entered by the Court on June 3, 2010 (docket no. 30). This puts the status of Cypresswood's bankruptcy case in jeopardy because, being an artificial entity, it cannot represent itself. Pasadena is the largest unsecured creditor of Cypresswood.

6. On June 4, 2010, Pasadena filed an Application to Employ Counsel for Pasadena Self-Storage, Ltd. (docket no. 26). The counsel which Pasadena wishes to employ is Devine.

7. While Devine had previously withdrawn his Application to Employ in Cypresswood and disclosed the relationship between Cypresswood and Pasadena in the Application to Employ filed in Pasadena, there is still a conflict. Cypresswood and Pasadena are adverse to each other. Devine originally filed the bankruptcy case for Cypresswood. Pasadena is a large creditor of Cypresswood and is scheduled as being owed \$511,253.08. Cypresswood and Pasadena are affiliated companies and owe intercompany debts between them.

8. Pursuant to the Application to Employ filed in the Cypresswood case, Devine received a \$6,039.00 retainer from Silver Oaks Investments, LLC, but the Statement of Financial Affairs (docket no. 22) reflects that the retainer came from Cypresswood Self-Storage, Ltd. As to the Pasadena case, the Application to Employ states that the \$6,039.00 retainer used to pay Devine came from Silver Oaks Investments, LLC, but the Statement of Financial Affairs (docket no. 24) reflects that the retainer came from Pasadena Self-Storage, Ltd. Devine has performed legal services for both Cypresswood and Pasadena and has received monies from the parent company of both Cypresswood and Pasadena.

9. It appears that individual insiders, who upon information and belief are also insiders of Cypresswood, Silver Oaks, and NL PSS, LLC, each received a distribution from the Debtor of \$158,658.50 within four (4) months of the filing of this case.

Wherefore, Premises considered, City National Bank respectfully requests that the Application to Employ Counsel for Pasadena Self-Storage, Ltd. be denied and for all other relief as is just.

Respectfully submitted this 7th day of June, 2010.

HIRSCH & WESTHEIMER, P.C.

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**Certificate of Service**

I hereby certify that on the 7th day of June, 2010, a copy of the foregoing City National Bank's Objection to the Application to Employ Counsel for Pasadena Self-Storage, Ltd. was served via first class mail, postage prepaid and/or via the Clerk of the Court through the ECF system to the parties on the attached service list.

/s/ Michael J. Durrschmidt  
Michael J. Durrschmidt

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